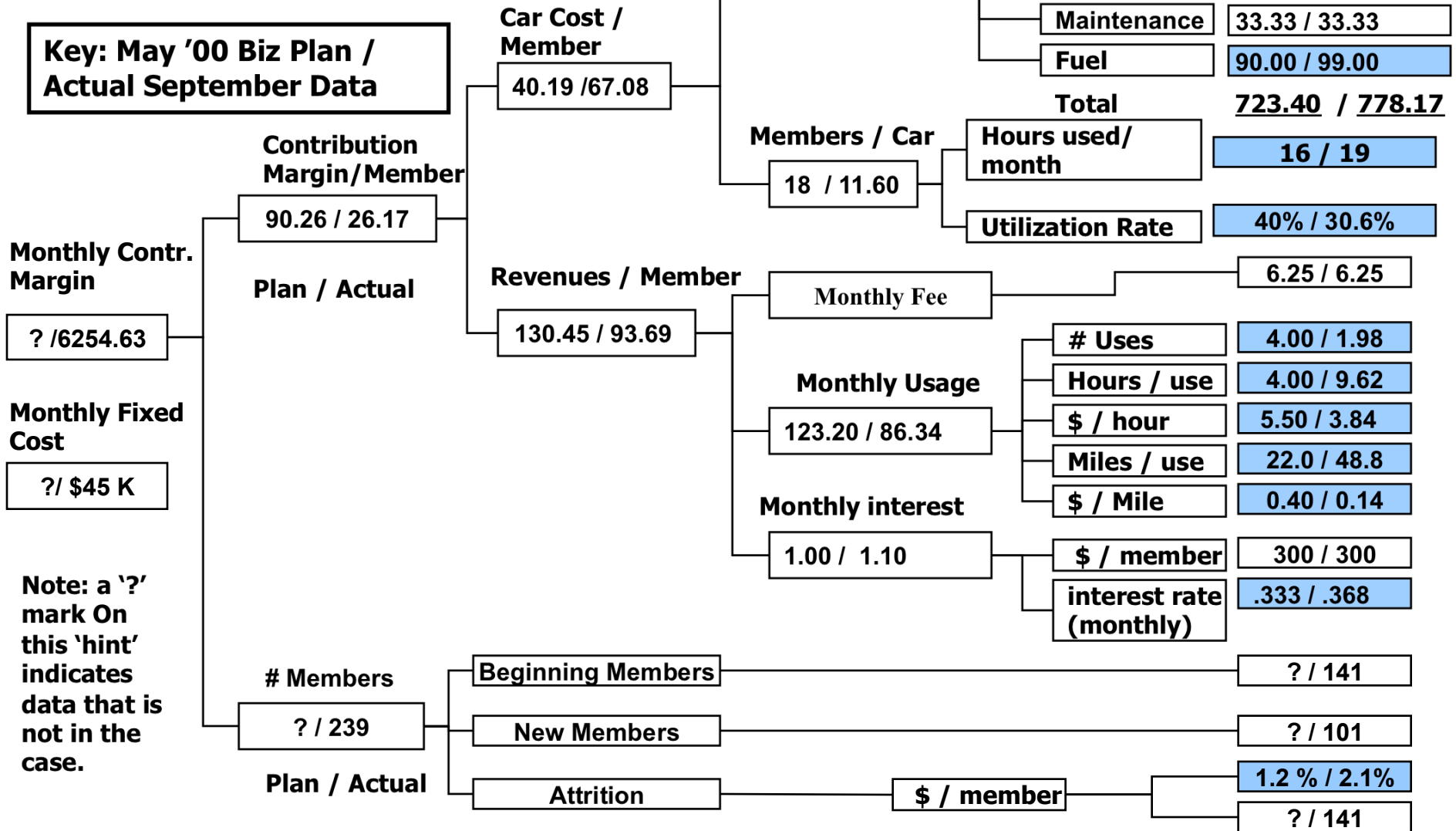


# Zipcar – Recurring View (Monthly) “Blended Model”

**Key: May '00 Biz Plan / Actual September Data**



Note: a '?' mark On this 'hint' indicates data that is not in the case.

## ZipCar Fishbone Calculations

**For all the drivers on the extreme right-hand column of the Fishbone.**

**Planned Lease, Access, Insurance, Parking, Maintenance, and Fuel** are all given in Exhibit 5 in the “assumptions/unit” column, but need to be divided by 12 to convert them to monthly costs per car. On page 11 of the case, however, **actual lease, parking, and fuel** were slightly higher than expected:

$$\text{Actual Lease} = (\$4800/\text{year}) / 12 \text{ months} = \$400$$

$$\text{Actual Parking} = (\$750/\text{year}) / 12 \text{ months} = \$62.5$$

$$\text{Actual Fuel} = (\$900/\text{year} \times 110\%) / 12 \text{ months} = \$99$$

Note that **planned number of uses per month per member, miles per use, hours per use, \$ per mile, and \$ per hour** are given in Exhibit 5.

**Planned number of hours used per month** per member is simply = number of uses per month per member x hours per use = (4 uses/month) x (4 hours/use) = 16 hours/month/member.

**Planned Utilization** = Planned Number of hours used per month / [24 hours x 30 days/month / (members/car)] = (16 hours/month) / {24 hours x (30 days/month) / [Ending members in year 1 (Ex. 5) / Ending cars in year 1 (Ex. 5)]} = (16 hours/month) / {24 hours x (30 days/month) / [440 members/24 cars]} = 40%

### **Actual Hours used per month per member**

Average members = “total member days” (from Ex. 8b) / (30 days/month) = 5088 member days/30 = 169.6 members

Actual hours used per month per member = “Total hours used” (from Ex. 8b) / average members = (3223 hours/month) / 169.6 members = 19.0 hours/month/member

**Actual Utilization** = “Total hours used” (from Ex 8b) / [“Available Car Days” from (Ex. 8b) x 24 hours/day] = 3223 / [439 x 24] = 30.6%

**Actual Member Fee** = planned member fee / 12 = \$75/12 = \$6.25/month

**Actual Number of Uses per Month per member** = “total trips taken” (Ex. 8b) / average members = (335 uses/month) / 169.6 members = 1.98 uses /month

**Actual Hours/use** = “Total Hours Used” (Ex. 8b) / average members / average uses per month per member = (3223 hours/month) / 169.6 members / 1.98 uses per month = 9.62 hours/use

**Actual \$ per Hour** = “Total Hourly Revenue” (Ex. 8b) / “total hours used” (Ex. 8b) = \$12,368.50 / 3223 hours = \$3.84 / hour

**Actual miles per use** = “total miles driven” (Ex. 8b) / average members / number of uses per month per member = 16,339 miles per month / 169.6 members / 1.98 uses per month = 48.8 miles/use

Actual dollars per mile = “total mileage revenue” (Ex. 8b) / “total miles driven” (Ex. 8b) = (\$2276/month)/(16,339 miles/month) = \$0.14 / mile

**Actual Dollars per Member (from “security deposit” in Ex. 5)** = \$300/member

**Actual interest rate (monthly)** = “interest earned on total deposits” (Ex. 8b) / avg. deposit balance = (\$155/month) / \$42,090 = 0.368%

**Beginning Members, New Members, and Attrition** are drawn directly from Ex. 8b.

**Attrition percentage** = “Attrition Rate” (Ex. 8b) / “Beginning Members” (Ex 8b) = 3 members per month / 141 members = 2.1% per month

Planned and actual costs are calculated from the drivers on the right hand side of the fishbone in the same way. Only the Actuals will be calculated for the remainder of the fishbone.

**Actual Costs per Car** is just the sum of the Lease, Access, Insurance, parking, maintenance, and fuel costs = \$778/month/car.

**Actual Members/car** = actual utilization x (30 days/month x 24 hours/days/car) / (actual hours used per month per member) = 30% x (30 days/month x 24 hours/days/car) / (19.0 hours/month/member) = 11.6 members/car

**Actual Car Cost per Member** = Costs per car / Members per car = (\$778/car/month) / (11.6 members/car) = \$67.08/month

**Actual Monthly Usage Revenue per Member** = # uses x [ (hours/use x \$/hour) + (miles/use x \$/mile)] = 1.98 uses/month x [(9.62 hours/use x \$3.84/hour) + (48.8 miles/use x \$0.14/mile) = \$86.34/month per member

**Actual Revenues per Month per Member** is just the sum of the monthly fee, the monthly usage, and the monthly interest = \$93.25/month per member

**Actual Contribution Margin per Member** = Actual Car Cost per Member – Actual Revenues per member = \$93.25 - \$67.08 = \$26.17/month per member

**Actual Contribution Margin per Month** = Actual Contribution Margin per Member x Ending Member (Ex. 8b) = \$6254 per month